Federal Economic Development Agency for Southern Ontario

2015–16

Departmental Performance Report

The Honourable Navdeep Bains, P.C., M.P.
Minister of Innovation, Science and Economic Development

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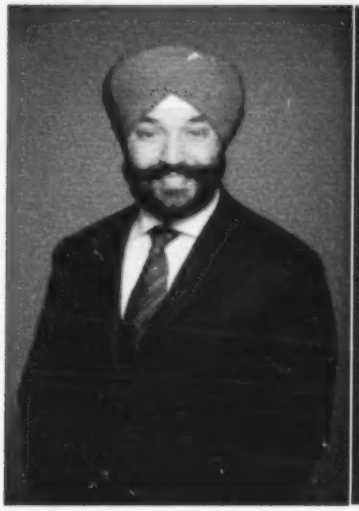
Ministers' Message

We are pleased to report the key results of the Federal Economic Development Agency for Southern Ontario for 2015–16.

The programs of the Innovation, Science and Economic Development Portfolio work together to deliver what Canada needs to improve productivity performance, to grow the economy and to enhance prosperity and well-being. That means supporting the government's commitment to develop an Innovation Agenda, which will in turn create good-paying jobs for the middle class, drive growth across all industries, and improve the lives of Canadians. The work of the Portfolio includes helping small businesses grow through trade and innovation, promoting increased tourism to Canada, and supporting scientific research and the integration of scientific considerations in our investment and policy choices.

As we approach Canada's 150th anniversary, we pledge to continue working with stakeholders from across the country to strengthen our place in the global economy.

It is our honour to present the 2015–16 Departmental Performance Report for the Federal Economic Development Agency for Southern Ontario.



The Honourable Navdeep Bains
Minister of Innovation, Science and Economic Development

The Honourable Kirsty Duncan
Minister of Science

The Honourable Bardish Chagger
Minister of Small Business and Tourism and Leader of the Government in the House of Commons

Results Highlights

What funds were used? (2015–16 Actual Spending)	Who was involved? (2015–16 Actual FTEs)
$189,797,294	237

- In 2015–16, the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) delivered 10 programs and initiatives, which provided $159.9 million to strategic initiatives to support innovation, growth and economic diversification in southern Ontario.
- FedDev Ontario organized and executed 124 events, including the first two funding announcements from Prime Minister Trudeau:
    - Under FedDev Ontario's Investing in Commercialization Partnerships initiative, up to $12 million in funding was provided to the Southern Ontario Water Consortium, which supports southern Ontario post-secondary education institutions and small and medium-sized enterprises in advancing clean and innovative water technologies. This project is expected to create or maintain 520 jobs and support at least 14 new partnerships.
    - Under FedDev Ontario's Advanced Manufacturing Fund, up to $20 million was provided to the Centre for Commercialization of Regenerative Medicine, to establish and operate a centre for advanced therapeutic cell technologies. This project will help to create or maintain 389 jobs and has the potential to make Ontario a global hub for the cell therapy industry.
- As highlighted in the results of FedDev Ontario's Core Control Audit conducted in 2015–16 by the Office of the Auditor General, "the Agency has established a financial management structure that fosters prudent stewardship of public resources, including the considerations of risk in the delivery of the organization's mandate."
- FedDev Ontario continued to support the Innovation, Science and Economic Development (ISED) Ministers' mandates and Government of Canada priorities, including close coordination and collaboration with Canada's regional development agencies to better support and complement Canada's Innovation Agenda. The Agency also built and maintained strong partnerships with other government departments, the Government of Ontario, and the private and not-for-profit sectors in the region to strengthen clusters and leverage competitive advantages.

Section I: Organizational Overview

Organizational Profile

Minister of Innovation, Science and Economic Development:
The Honourable Navdeep Bains, P.C., M.P.

Minister of Science:
The Honourable Kirsty Duncan, P.C., M.P.

Minister of Small Business and Tourism and Leader of the Government in the House of Commons:
The Honourable Bardish Chagger, P.C., M.P

President:
Nancy Horsman

Ministerial Portfolio:
Innovation, Science and Economic Development

Enabling Instrument:
Order in Council P.C. 2009–1410 dated August 13, 2009, amending Schedule I.1 of the *Financial Administration Act*[1] to include the Federal Economic Development Agency for Southern Ontario as a department.

Order in Council P.C. 2009–1411 dated August 13, 2009, whereby the Department of Industry transferred to the Federal Economic Development Agency for Southern Ontario the control and supervision of the portion of the federal administration in the Department of Industry known as the Southern Ontario Regional Economic Branch.

Year of Incorporation / Commencement:
2009

Organizational Context

Raison d'être

As Canada's most populous region—home to more than 12.7 million residents living in 288 communities—southern Ontario is a key contributor to the Canadian economy. The Government of Canada created the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) in 2009 as part of Canada's Economic Action Plan. FedDev Ontario works with communities, businesses and not-for-profit organizations in southern Ontario to actively promote the region and build a strong foundation of investment and partnerships to help secure Canada's long-term prosperity.

FedDev Ontario is fulfilling its mandate by working with partners and stakeholders across southern Ontario. Through the support of businesses and organizations, FedDev Ontario is able to advance innovative technologies and leverage community capacity to develop regionally based economic solutions. FedDev Ontario works as a co-investor, convenor, champion and delivery agent and intentionally directs its resources to activities with the greatest regional impacts. By responding to emerging economic challenges and opportunities, FedDev Ontario is supporting the overall competitiveness and future prosperity of southern Ontario.

The Minister of Innovation, Science and Economic Development (ISED) is responsible for this organization.

Responsibilities

FedDev Ontario's mandate is to support economic growth and competitiveness in southern Ontario. As one of the federal departments and agencies that make up the ISED portfolio, FedDev Ontario supports a number of the Government of Canada's priorities, including feeding into the development of Canada's Innovation Agenda; making strategic investments that build on competitive regional advantages; helping Canadian businesses to grow, innovate and export in order to create good-quality jobs and wealth for Canadians; and working with stakeholders to leverage southern Ontario ecosystems and support innovation and entrepreneurship.

To achieve its mandate, FedDev Ontario delivers three core transfer payment programs designed to address specific opportunities and challenges facing the region: the Southern Ontario Prosperity Initiatives; the Advanced Manufacturing Fund; and the Eastern Ontario Development Program. FedDev Ontario, like other regional development agencies (RDAs) across the country, also plays an important role as a federal delivery agent for national programs in southern Ontario – specifically the Community Futures Program, the Economic Development Initiative and the Canada 150 Community Infrastructure Program. Additionally, the Agency delivers funding under certain national infrastructure programs across the province of Ontario. The Agency also

delivers special projects, such as the $8 million investment to fund the revitalization of Toronto's Massey Hall and a $12 million grant for the remediation of a former industrial site in the city of Brantford, Ontario.

For some national initiatives, FedDev Ontario delivers services at the regional level to firms and other stakeholders. For example, the Agency works with southern Ontario firms to identify opportunities to participate in defence procurement projects in support of the Industrial and Technological Benefits Policy. The Agency also operates Canada Business Ontario (part of the Canada Business Network), which helps entrepreneurs gain access to government business information, such as available funding opportunities.

With its headquarters in Waterloo and offices in Toronto, Peterborough and Ottawa, FedDev Ontario has a presence across southern Ontario and facilitates collaboration with a broad range of stakeholders, including post-secondary institutions, not-for-profit organizations, municipal and provincial governments, Indigenous communities and private sector firms. The Agency plays an important role in convening key regional stakeholders to enable more seamless support to businesses and other organizations within the region. A particular emphasis is put on working closely with the Government of Ontario and key federal departments and agencies to ensure complementary approaches in supporting the southern Ontario economy. In addition, through ongoing partnerships with other federal departments and agencies, FedDev Ontario ensures that the perspectives of southern Ontario are reflected in decision-making at the federal level.

The Agency focused its activities in 2015–16 in four areas as defined in its Program Alignment Architecture:

Technological Innovation: FedDev Ontario facilitates business-led partnerships with post-secondary institutions and research institutions to support the creation of new products, services, processes and markets. The Agency also promotes the continued growth and increased productivity of Ontario's manufacturing sector by supporting transformative advanced manufacturing activities; advancing adoption of cutting-edge technologies; establishing clusters or global supply chains; and fostering collaboration between the private sector and post-secondary and research institutions.

Business Development: FedDev Ontario supports a broad spectrum of firms at various stages of growth. Agency investments help early-stage companies and entrepreneurs to access capital and develop the necessary skills to grow their businesses and commercialize their innovations; help more established businesses improve productivity; support scale-up of businesses to effectively compete in global markets; and support business integration into global value chains.

Community Economic Development: FedDev Ontario leverages regional assets to support economic diversification and growth in communities across southern Ontario. The Agency supports community-based organizations that provide southern Ontario firms with the information, training and loans they need to sustain and grow their businesses. It also delivers national infrastructure programs that benefit communities across southern Ontario.

Internal Services: FedDev Ontario's internal services include policy and research activities that enable the Agency to effectively communicate the region's interests in national and regional policy discussions, champion the region's assets, and convene stakeholders to respond to regional challenges and opportunities. Through this area, the Agency also undertakes activities required for its ongoing operation.

Scope of Operations

FedDev Ontario is headquartered in Waterloo and has offices throughout southern Ontario to support program delivery. Its mandate covers the region as defined by the following 37 Statistics Canada census divisions:

- Stormont, Dundas and Glengarry
- Kawartha Lakes
- Niagara
- Middlesex
- Prescott and Russell
- Peterborough
- Haldimand–Norfolk
- Huron
- Ottawa
- Durham
- Halton
- Essex
- Brant
- Bruce
- Leeds and Grenville
- York
- Waterloo
- Grey
- Lanark
- Toronto
- Perth
- Simcoe
- Frontenac
- Northumberland
- Hamilton
- Peel
- Oxford
- Haliburton
- Lennox and Addington
- Dufferin
- Elgin
- Renfrew
- Hastings
- Wellington
- Chatham–Kent
- Prince Edward
- Lambton

Strategic Outcome and Program Alignment Architecture

The 2015–16 Program Alignment Architecture (PAA) depicts FedDev Ontario's strategic outcome and its areas of focus and activities. It also reflects FedDev Ontario's various roles in support of its mandate aimed at promoting jobs, growth and prosperity across southern Ontario.

1. Strategic Outcome: A competitive southern Ontario economy

- **1.1 Program: Technological Innovation**
  - **1.1.1 Sub-Program: Advanced Manufacturing**
  - **1.1.2 Sub-Program: Commercialization Partnerships**
- **1.2 Program: Business Development**
  - **1.2.1 Sub-Program: Business Investment**
  - **1.2.2 Sub-Program: Business Growth and Productivity**
  - **1.2.3 Sub-Program: Business Services**
- **1.3 Program: Community Economic Development**
  - **1.3.1 Sub-Program: Community Futures Program**
  - **1.3.2 Sub-Program: Eastern Ontario Development Program**
  - **1.3.3 Sub-Program: Official Language Minority Communities**
  - **1.3.4 Sub-Program: Regional Diversification**
  - **1.3.5 Sub-Program: Infrastructure Delivery**

Internal Services

Operating Environment and Risk Analysis

In 2015–16, southern Ontario's economic prospects continued to be shaped by global economic shifts, including the worldwide pace of innovation and new technologies that are disrupting existing business models and giving rise to new industries. Moving forward, the region's economic success will benefit from its ability to innovate, embrace the latest technologies, and access fast growing markets and value chains to increase its global market share.

FedDev Ontario continues to play an increasingly relevant role, not only as a program delivery agent, but also as a centre of excellence for research, analysis and policy development as the region adapts to the constant need for innovation and responds to globalization and the pace of technological change. The Agency is a champion of southern Ontario's key economic assets and its complex innovation ecosystem, including its entrepreneurs and start-ups, high-tech clusters, post-secondary institutions, and research and development capacity. It is also a convenor that

leverages the unique assets and capabilities of governments, businesses, academia and communities in the region.

In November 2015, Canada's six RDAs were all brought into the ISED portfolio. This change provides the opportunity for the RDAs to increase collaboration and coordination, and align in supporting the government's agenda while, at the same time, recognizing the unique economic circumstances, challenges and opportunities facing each of Canada's regions. FedDev Ontario's priorities and programs are well-positioned to support ISED Ministers' mandate commitments and the Government of Canada's priorities, including the implementation of the Innovation Agenda in support of an innovative and clean growth economy.

In 2015–16, FedDev Ontario identified three key risks to the effective delivery of its mandate: human resources management, managing information and demonstrating Agency impacts.

FedDev Ontario employees are divided among four work locations: its Waterloo headquarters, as well as Ottawa, Toronto and Peterborough. This presents a challenge in recruiting and retaining qualified personnel, resulting in a higher than typical risk of human resource challenges affecting operational priorities.

In response, in 2015–16, FedDev Ontario worked to make all FedDev Ontario locations workplaces of choice. To facilitate this, a wellness committee was established to stimulate discussion and action on mental health and well-being in the workplace; a talent management strategy was implemented to develop employees to their full potential and facilitate succession planning; and a number of collective staffing processes were completed or underway to further develop FedDev Ontario's pools of qualified candidates. In addition, FedDev Ontario provided co-op terms to 18 post-secondary students, leveraging their skills while providing them with valuable work experience, thereby developing potential future employees. FedDev Ontario also promoted its new headquarters building in Waterloo, which was awarded a silver accreditation under the federal Workplace 2.0 standard as a work location that facilitates employee wellness and collaboration.

FedDev Ontario continued to implement information management systems and practices, including the Recordkeeping Implementation Plan and Open Government Implementation Plan in support of effective information management, openness and transparency. The Agency fully implemented the GCDOCS document management system in 2015–16 and is continually improving internal information management policies, procedures, training and monitoring. The Agency will continue to work with ISED portfolio partners and central agencies to strengthen shared information management, which will take on greater importance as the government moves toward whole-of-government reporting on its priorities.

FedDev Ontario also continued to focus attention on assessing and demonstrating the impact it has had on southern Ontario. The Agency regularly engaged with stakeholders and economic development partners through meetings and roundtables to discuss emerging economic issues and trends, seek input on policy and program directions, and align investments with partners on strategic projects that have the potential for high economic impact. FedDev Ontario has also partnered with Statistics Canada to assess the impact on firms to which it has provided support. Multiple initiatives to demonstrate impacts on key clusters, sectors and communities in southern Ontario, took shape in 2015–16. While this work was planned to support FedDev Ontario's renewal beyond 2019, it also aligns well with the government's focus on demonstrating results.

In 2015–16, additional time and resources throughout the organization were dedicated to ensuring that the Agency's priorities and key initiatives were focused on government priorities and on increased coordination with ISED portfolio partners on the Innovation Agenda and other key shared priorities.

Further detail on the three key risks, along with the risk response strategy and the link to the organizational program, is provided in the table below.

Key Risks

Risk	Risk Response Strategy	Link to the Organization's Program(s)
Human Resource Management: As a small agency, there is a risk that the inability to recruit, retain and develop talent in key positions in offices outside the National Capital Region, particularly within the Agency's headquarters in Waterloo, will strain capacity and the Agency's ability to deliver on its mandate and support other government priorities	• Support recruitment and ensure that pools of qualified candidates to staff positions in specialty areas are readily available; participate in activities such as student recruitment and career fairs; and increase social media presence to highlight employment opportunities at FedDev Ontario • Support the retention and development of talent throughout the Agency by promoting and maximizing the use of Canada School of Public Service learning resources in line with their new service delivery model	1.1 – Technological Innovation 1.2 – Business Development 1.3 – Community Economic Development Internal Services

	• Encourage retention and support FedDev Ontario as an employer of choice by developing and implementing a wellness committee and a wellness strategy	
Managing Information: There is a risk that not having access to timely, complete, consistent and accurate information could affect the Agency's ability to meet legislative responsibilities and could diminish its organizational efficiency and effectiveness, as well as the quality of its decision-making	• Continue to implement information management systems and practices, including the Recordkeeping Implementation Plan and Open Government Implementation Plan in support of effective information management, openness and transparency • Continue to work collaboratively across the Agency to ensure that business needs are adequately supported through existing IT infrastructure and systems • Further institutionalize practices to ensure information for decision-making is disseminated in a timely manner and is quickly accessible for all employees • Collaborate with federal partners on the development of an Enterprise Grants and Contributions Solution, subject to financial resource considerations	1.1 – Technological Innovation 1.2 – Business Development 1.3 – Community Economic Development Internal Services
Demonstrating Agency Impacts: There is a risk that FedDev Ontario's five-year funding cycle could limit the Agency's ability to support strategic and complex investments and fully sustain its role as convenor and champion for the region over the long term, creating uncertainty for stakeholders and partners	• Continue to invest in projects that can bring long-term benefits to southern Ontario by leveraging funding from other partners and by convening sustainable partnerships • Organize roundtables with stakeholders to discuss impact of current programming and areas for improvement	1.1 – Technological Innovation 1.2 – Business Development 1.3 – Community Economic Development Internal Services

	• Develop a business case for renewal of programming with options for providing ongoing support for strategic and complex investments in southern Ontario	

Organizational Priorities

The following presents FedDev Ontario's key organizational priorities. In 2015–16, FedDev Ontario focused on business excellence in program delivery and on strengthening internal operations and corporate services.

Priority: Support Business Excellence and External Service Delivery

Description

This priority involves a focus on the efficient and effective delivery of the Agency's programming and services to support businesses and organizations. In addition to ensuring that programs and initiatives remain relevant and responsive to the economic needs of the region and its communities, this includes making strategic investments in key growth sectors and building on regional advantages to support increased productivity, innovation, diversification and export growth. Engagement with key stakeholders and collaboration across RDAs and other ISED portfolio members is also critical. In addition to co-investing in projects, FedDev Ontario contributes to positive economic outcomes through the provision of other services, such as pathfinding, sharing information, outreach and playing a convenor role.

A continued and concentrated effort to increase the breadth and depth of FedDev Ontario's role, notably by being a centre of excellence for research, analysis and policy development for southern Ontario, is part of this priority. The intelligence gained by leveraging its policy capacity and by reaching out to key stakeholders will ensure ongoing improvement and evolution of FedDev Ontario's programming and services. In addition, the competitiveness of southern Ontario's economy can be advanced through FedDev Ontario's communicating back to Ottawa at the federal level to ensure that the region's perspectives are reflected in decision-making.

To support its program delivery and policy capacity, FedDev Ontario puts an emphasis on demonstrating its results through meaningful performance measures and effective data collection to maximize the impacts of its programs and services, as well as to ensure continual improvement.

Priority Type[1]

Ongoing

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Programs
Use its role as a catalyst and convenor across the region to encourage collaborative ventures that maximize competitive regional advantages and benefits to the southern Ontario economy	April 2014	March 2019	Ongoing	1.1 – Technological Innovation 1.2 – Business Development Internal Services
As part of its due diligence process, continue to consider applications on the basis of relevance and benefits to the economy of southern Ontario	April 2014	March 2019	Ongoing	Internal Services
Provide guidance to newly approved and existing funding recipients to clarify reporting requirements and ensure effective and efficient collection of performance data	April 2014	March 2019	Ongoing	1.2 – Business Development
Continue to leverage its open application intake processes and business case-based assessments to support greater transparency and reach to a diverse set of applicants	April 2014	March 2019	Ongoing	Internal Services
Monitor internal capacity to achieve external service standards and best practices for timely approval of project applications and use the information gathered for continual performance improvement	April 2014	March 2019	Ongoing	Internal Services

1. Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the *Report on Plans and Priorities* or the *Departmental Performance Report*.

Work with stakeholders and clients to build on the economic conditions in Ontario that are favourable to the manufacturing sector.	April 2014	March 2019	Ongoing	1.1 – Technological Innovation
Through Canada Business Ontario's contact centre, web presence and outreach channels, continue to act as primary point of contact and deliver high-quality services to entrepreneurs and business clients looking for information	April 2014	March 2019	Ongoing	1.2 – Business Development
Represent southern Ontario interests through ongoing involvement in defence procurement opportunities and by facilitating connections between firms and promoting the capabilities of southern Ontario companies to defence contractors with Industrial and Technological Benefits obligations	April 2014	March 2019	Ongoing	1.2 – Business Development
Continue to enhance an integrated policy and research agenda to support FedDev Ontario's ability to deliver evidence-based advice and analysis for program design, internal and government-wide policy development, service delivery and convenor activities. This includes maintaining and gathering intelligence on key economic issues, such as strategic sectors, emerging and disruptive technologies, clusters and manufacturing	April 2014	March 2019	Ongoing	Internal Services
Continue to engage with stakeholders in the region to develop opportunities for collaboration and partnership. Continue to collaborate with ISED portfolio partners, RDAs, the Province of Ontario, municipalities, Community Futures Development Corporations, and Francophone and Indigenous communities to support strategic investments and economic diversification and to advance innovation	April 2014	March 2019	Ongoing	1.1 – Technological Innovation 1.2 – Business Development 1.3 – Community Economic Development Internal Services

Build on existing reporting and evaluation practices to enhance FedDev Ontario's ability to convey evidence-based Agency impacts and results	April 2014	March 2019	Ongoing	1.1 – Technological Innovation 1.2 – Business Development 1.3 – Community Economic Development Internal Services

Progress Toward the Priority

- FedDev Ontario continued to co-invest in targeted projects to help stimulate southern Ontario's economy. The Agency also continued to deliver national and provincial programs in the region and provided business-related services to firms and other stakeholders.
- The Agency delivered 10 programs and initiatives over the 2015–16 fiscal year.
- In 2015–16, 113 projects were approved, for $211.9 million, projected to create or maintain 7,969 jobs and leverage $658.0 million of other private and public funding.
- 1,295 applications were received from potential funding recipients for the Agency's programs and initiatives in 2015-16. All applications are assessed by FedDev Ontario staff against program guidelines and applying appropriate due diligence.
- FedDev Ontario leveraged its roles as a convenor and catalyst for southern Ontario, making strategic investments that leverage support from the province and industry partners to maximize competitive regional advantages and benefits to the southern Ontario economy. For example, FedDev Ontario invested up to $12 million in funding for the Southern Ontario Water Consortium, which is expected to create or maintain 520 jobs and support at least 14 partnerships over the course of the project. In addition, the Agency provided up to $20 million in funding for the Centre for Commercialization of Regenerative Medicine, which is expected to create or maintain 389 jobs, support at least 11 partnerships and position Ontario as a global hub for the cell therapy industry.
- FedDev Ontario continues to provide business-related services that help companies pursue opportunities. For example, through its various service channels, Canada Business Ontario helped entrepreneurs start, manage and grow their businesses in 2015-16. This included participation in 69 events, including the organization of six 'Business Government Services and You' events in collaboration with Community Futures Development Corporations across Ontario. In addition, 2015-16, FedDev Ontario engaged in over 400 activities to help leverage economic benefits for southern Ontario from Canada's defence procurements. FedDev Ontario staff also helped many businesses to 'pathfind' toward government (federal and/or provincial) support appropriate to their unique circumstances.
- In 2015–16, FedDev Ontario also continued to support the Minister of ISED's mandate commitment to develop the Innovation Agenda. The Agency supports innovation and growth in

southern Ontario through its programs and services and the Agency's priorities and initiatives align with the Innovation Agenda's vision, including growing companies, accelerating clean technology, and building world-leading clusters and partnerships.

- FedDev Ontario participated in multi-partner stakeholder engagement with the objective of strengthening clusters in the region. The Agency also continued to foster stronger multilateral partnerships between provincial and federal departments and agencies to deliver on mandate commitments to support high-growth firms and to define the region's competitive advantage. For example, FedDev Ontario provided up to $4.76 million for the Canadian Film Centre to advance the development and commercialization of digital media products and technologies – the Centre partnered with Corus Entertainment, the Ontario College of Arts and Design and the University of Waterloo on this project.
- FedDev Ontario continued to explore and deepen its understanding of key regional issues, challenges and opportunities in southern Ontario. In particular, the Agency expanded its understanding of regional innovation strengths, key regional clusters and community economic and industrial performance. As a key regional player in southern Ontario, the Agency engaged stakeholders, the Government of Ontario, and other federal departments, among others, to further solidify its understanding of regional economic performance, challenges and key issues.
- FedDev Ontario focused efforts on demonstrating the impacts of its programs and initiatives to provide evidence-based analysis for its direction setting and its strategic contributions to government-wide priorities, and align with the government's direction to demonstrate and communicate its results to Canadians. Qualitative and quantitative data were captured in consultation with recipients, Statistics Canada, and key stakeholders to demonstrate FedDev Ontario's role in achieving a strong Ontario economy.

Priority: Strengthen Internal Operations and Corporate Services

Description

Modernizing business is critical for FedDev Ontario's continual improvement, as timely and effective client service and administrative excellence are essential to maximizing the return on Agency resources. As FedDev Ontario continues to collaborate and communicate internally, enabling it to deliver on its core activities, ongoing stewardship and responsiveness to its internal and external environments are of high importance. As program delivery and engagement activities continue to be a priority, it will be necessary to align FedDev Ontario's internal service planning by streamlining processes and finding efficiencies in back-office functions to maximize resources while continuing to play an effective support role. Creating the conditions for strong employees to thrive, through effective talent and performance management strategies, is also crucial to strengthening FedDev Ontario's performance and achieving its objectives.

Priority Type

Ongoing

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Program(s)
Undertake implementation reviews of new FedDev Ontario programming, as well as a full evaluation of the Eastern Ontario Development Program, to ensure the Agency's programs and initiatives meet their intended objectives, and examine opportunities for increased efficiency and effectiveness	April 2014	March 2019	Ongoing	Internal Services
Work collaboratively with federal partners to implement modernized case management and client relationship management systems that can better track details of FedDev Ontario contributions and improve management of client information and correspondence with recipients and stakeholders	April 2014	March 2019	Ongoing	Internal Services
Continue to collaborate with Innovation, Science and Economic Development Canada (ISED) portfolio members and other RDAs on horizontal matters to share information, reduce duplication of effort, and strengthen the collective position of these agencies at the federal level	April 2014	March 2019	Ongoing	Internal Services
Provide ongoing financial management and stewardship of public funds through the review and enhancement of the Agency's internal control mechanisms	April 2014	March 2019	Ongoing	Internal Services

Further incorporate risk management best practices into business and corporate planning, as well as daily operations	April 2014	March 2019	Ongoing	Internal Services
Develop tools and training and support full implementation of the government's priority of business transformation and back-office improvements through enhanced systems and streamlined processes, including human resources modernization, Open Data initiatives, and enterprise-wide systems	April 2014	March 2019	Ongoing	Internal Services
Support the full implementation of the Performance Management Program and foster a talent management approach, including targeted learning and development initiatives that leverage the Canada School of Public Service	April 2014	March 2019	Ongoing	Internal Services

Progress Toward the Priority

- FedDev Ontario continued work on its commitment to continual improvement, ensuring its programs and services remained relevant and responsive to southern Ontario's economic development needs and priorities. An evaluation of the Southern Ontario Development Program, completed in 2015, concluded that the program was relevant to the southern Ontario economy and had exceeded its objectives. This evaluation included recommendations and lessons learned, which will be considered in future program design and development.

- FedDev Ontario, the other RDAs and Treasury Board continued to collaborate on designing a stakeholder information management system that would improve the effectiveness and efficiency of transfer payment program delivery. The submitted business case for the development of the Grants and Contributions Program Management System has been approved by Treasury Board. The system's development is set to begin in 2016–17, supporting the adoption of standard government solutions that will realize cost savings and efficiencies.

- Following the alignment of all of Canada's RDAs within the ISED portfolio, FedDev Ontario officials worked closely with RDA colleagues on horizontal matters to coordinate processes, share information and reduce duplication of effort.

- FedDev Ontario continued to provide strong financial management and stewardship of public funds through a review and enhancement of its internal control mechanisms. Financial planning was improved with the introduction of new and innovative budgeting and forecasting tools for both operating funds and grants and contributions. FedDev Ontario's successful financial management

practices were also demonstrated through the Core Control Audit findings of the Office of the Auditor General. During 2015–16, the Agency underwent its first Core Control Audit, obtaining a score of 100 percent for its Financial Management governance and a score of 100 percent for its management of transfer payments in accordance with Government of Canada policies and directives.

- Risk management practices were incorporated into business and corporate planning, as well as daily operations.

- In 2015–16, FedDev Ontario demonstrated its commitment to achieving Open Government objectives by providing funding to the Canadian Open Data Exchange project and completing the Agency's Open Government Implementation Plan. The Agency also made strides in optimizing the protection of its data and information through internal communications and increased employee awareness of ownership, privacy, confidentiality and security considerations.

- The Agency undertook several initiatives in 2015–16 to assist in the development of its employees through learning. Succession planning discussions became more robust and tied into talent management discussions, with linkages to learning events that would develop skills for the present and the future. The Agency formalized its talent management process, building a cyclical review of employee development into the performance management cycle. This supported a fair and transparent approach to employee development based on employee performance, and it increased linkages with the programs and offerings of the Canada School of Public Service. In the *FedDev Ontario—Management Accountability Framework Departmental Report 2015–16*, Treasury Board commended FedDev Ontario for its results in the area of performance and talent management. The Agency scored significantly higher than the Small Departments and Agencies' average for the five areas related to performance and talent management.

- The Public Service Commission Staffing Audit results, tabled in Parliament in 2015–16, concluded that FedDev Ontario had an appropriate appointment framework in place to manage its appointment activities.

- A new, modern, healthy workplace that supports greater collaboration, increased productivity and a more engaged workforce was provided when FedDev Ontario's headquarters moved from Kitchener to Waterloo in 2 015. The new office, for which FedDev Ontario was awarded a Silver Accreditation award from Public Works and Government Services Canada for its successful implementation of the Workplace 2.0 office fit-up standard, gives employees the right space, the right tools, and an environment conducive to assisting in the delivery of the Agency's mandate and providing results for Canadians.

For more information on organizational priorities, see the Ministers' mandate letters.[ii]

Section II: Expenditure Overview

Actual Expenditures

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	Difference (actual minus planned)
215,251,719	215,251,719	212,614,733	189,797,294	(25,454,425)

Human Resources (Full-Time Equivalents [FTEs])

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
229	237	8

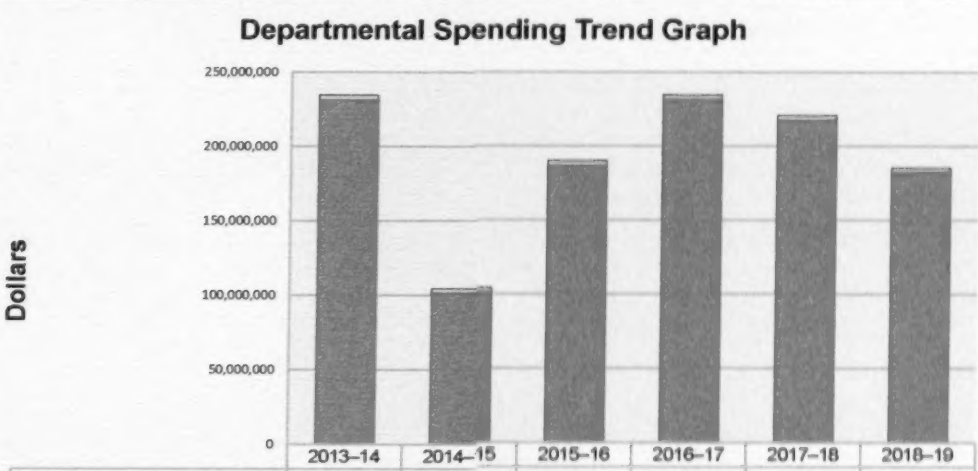
Budgetary Performance Summary

Budgetary Performance Summary for Program and Internal Services (dollars)

Program(s) and Internal Services	2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2014–15 Actual Spending (authorities used)	2013–14 Actual Spending (authorities used)
Strategic Outcome: A competitive southern Ontario economy								
1.1 Technological Innovation	91,786,705	91,786,705	92,081,080	91,951,369	74,992,007	55,550,921	9,298,340	56,430,801
1.2 Business Development	66,123,559	66,123,559	58,571,582	56,898,029	72,728,056	69,728,062	49,467,300	87,659,299
1.3 Community Economic Development	41,264,851	41,264,851	66,896,145	55,389,017	47,140,022	47,037,706	27,689,452	71,120,480
Internal Services Subtotal	16,076,604	16,076,604	16,899,045	16,137,492	17,754,648	17,480,605	17,648,051	19,069,825
Total	**215,251,719**	**215,251,719**	**234,447,852**	**220,375,907**	**212,614,733**	**189,797,294**	**104,103,143**	**234,280,405**

FedDev Ontario's current suite of programming took effect in 2014–15 with a goal of investing in projects that would have a strategic and long-term impact on the southern Ontario economy. In 2015–16, from total authorities of $212.6 million, actual spending was $189.8 million, resulting in a surplus of $22.8 million.

Departmental Spending Trend



	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
Sunset Programs – Anticipated	0	0	0	0	0	0
Statutory	3,223,378	3,056,870	3,214,283	3,214,356	3,018,698	3,018,354
Voted	231,057,027	101,046,273	186,583,011	231,233,496	217,357,209	181,965,369
Total	234,280,405	104,103,143	189,797,294	234,447,852	220,375,907	184,983,723

The graph above represents FedDev Ontario's historical spending trend from 2013–14 through 2015–16, along with planned spending for 2016–17 to 2018–19. As previously noted, FedDev Ontario commenced the first year of its second mandate in 2014–15.

To better align its funding with project lifecycles and maximize its investment in southern Ontario, $40.2 million under AMF and the Massey Hall project were reallocated to 2015–16, 2016–17 and 2017–18. The notable increase over 2014–15 spending and budgetary authorities reflects these adjustments in activity.

Other significant budgetary impacts of note include the launch of the Canada 150 Community Infrastructure Program. The initial intake of this program commenced in 2015–16 with funding of $44.4 million allocated for southern Ontario over 2016–17 and 2017–18 fiscal years. An additional amount of $44.4 million in funding for southern Ontario was also announced in Budget 2016, doubling the initial investment. Planned spending is reflective of these changes.

Expenditures by Vote

For information on FedDev Ontario's organizational voted and statutory expenditures, consult the *Public Accounts of Canada 2016*.[iii]

Alignment of Spending With the Whole-of-Government Framework

Alignment of 2015–16 Actual Spending With the Whole-of-Government Framework[iv] (dollars)

Program	Spending Area	Government of Canada Outcome	2015–16 Actual Spending
1.1 Technological Innovation	Economic affairs	An innovative and knowledge-based economy	55,550,921
1.2 Business Development	Economic affairs	Strong economic growth	69,728,062
1.3 Community Economic Development	Economic affairs	Strong economic growth	47,037,706

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic affairs	199,175,115	172,316,689
Social affairs	0	0
International affairs	0	0
Government affairs	0	0

Financial Statements and Financial Statements Highlights

Financial Statements

FedDev Ontario's complete Financial Statements (unaudited) for 2015–16 can be found on FedDev Ontario's website.

Financial Statements Highlights

Condensed Statement of Operations (unaudited) For the Year Ended March 31, 2016 (dollars)

Financial Information	2015–16 Planned Results	2015–16 Actual	2014–15 Actual	Difference (2015–16 actual minus 2015–16 planned)	Difference (2015–16 actual minus 2014–15 actual)
Total expenses	154,283,870	116,311,752	79,035,316	(37,972,118)	37,276,436
Total revenues	-	-	-	-	-
Net cost of operations before government funding and transfers	154,283,870	116,311,752	79,035,316	(37,972,118)	37,276,436

In 2015–16, FedDev Ontario's actual net cost of operations was $116.3 million, compared to the 2015–16 planned result of $154.3 million and the 2014–15 actual net cost of operations of $79.0 million. As expected, the 2015–16 results were significantly higher than those of the prior fiscal year as a result of the natural evolution of project lifecycles. In 2014–15, following the launch of its new suite of programming, FedDev Ontario reallocated $40.2 million of its budget to 2015–16. Anticipating the time required to identify and carry out due diligence on potential investments under the new programs, increasing available budget in 2015–16 was essential to maximizing investment in southern Ontario as projects reached the approval and implementation stage.

In addition to the increase in transfer payments from the 2014–15 cycle, FedDev Ontario was also identified to lead the administration of the Canada 150 Community Infrastructure Program for southern Ontario. The increased activity in the Agency's base programs, paired with this new program, drove increases in operational expenditures as new applications were assessed and approved, along with payments processed for mature stage, multi-year projects.

Condensed Statement of Financial Position (unaudited) As at March 31, 2016 (dollars)

Financial Information	2015–16	2014–15	Difference (2015–16 minus 2014–15)
Total net liabilities	31,571,522	30,083,407	1,488,115
Total net financial assets	34,283,076	28,591,351	5,691,725
Departmental net debt	1,288,446	1,492,057	(203,611)
Total non-financial assets	101,488	357,994	(256,506)
Departmental net financial position	(1,186,958)	(1,134,063)	52,895

FedDev Ontario reported net financial assets totaling $34.3 million at the end of 2015–16, an increase of $5.7 million (20 percent) over 2014–15. This increase is related to amounts set aside for payments against outstanding 2015–16 liabilities. The increase is attributed to increased activity in the Agency's contributions portfolio, reflecting the rise in outgoing payments to approved applicants.

Net liabilities for FedDev Ontario were $31.6 million at the end of 2015–16, an increase of $1.5 million (5 percent) over 2014–15. As identified in the Agency's financial assets, increased activity in the contributions portfolio has driven this change. As projects matured beyond the assessment and initial implementation stages, payments for eligible activities rose. Reflected in this closing amount are those payments pending for recipient activities during 2015–16.

Section III: Analysis of Programs and Internal Services

Performance Summary

With 2015–16 marking year two of its second five-year mandate, FedDev Ontario continued building upon successes from its first six years of supporting southern Ontario's economic growth and prosperity.

An important focus in 2015–16 was on the region's future economic prospects that are being shaped by global economic shifts, including the fast pace of technological change, where innovation and new technologies are disrupting existing business models and giving rise to new industries. To proactively address these changes, FedDev Ontario leveraged the capacity and assets within southern Ontario and supported its young entrepreneurs and start-ups. With nearly half of all Canadian private sector research and development performed in Ontario, the highest rate of university education in the country and being home to key technology clusters and high-tech firms, the region remains a vital part of the core of Canada's science, technology and innovation ecosystem.

Moving forward, the region's economic success will benefit from its ability to innovate, embrace the latest technologies, and access fast-growing international markets and global value chains. A key element in achieving this success, which is supported by FedDev Ontario, is a coordinated, focused, whole-of-region approach where the unique assets and capabilities of governments, businesses, academia and communities are mobilized.

As a maturing organization, FedDev Ontario continued to play an increasingly relevant role as a centre of excellence for research, analysis and policy development for southern Ontario. To this end, in 2015–16, FedDev Ontario applied this expertise in its roles as champion and convenor with partners and stakeholders to demonstrate its broader impact as an "agent of change" in southern Ontario. FedDev Ontario also applied its "on the ground" knowledge of regional dynamics and needs and leveraged its policy expertise to expand the Agency's capacity to influence the broader Government of Canada policy direction.

To ultimately support a competitive southern Ontario economy, FedDev Ontario directed its efforts through four key program areas in 2015–16: Technological Innovation, Business Development, Community Economic Development and Internal Services. These programs represent the impact of FedDev Ontario's suite of programming, targeting not only community and business development, but also demonstrating a strong focus on multi-partner,

transformative projects that aim to place southern Ontario at the forefront of new technologies and innovations with global economic implications.

Programs

Program 1.1 Technological Innovation

Description

The Technological Innovation program supports the southern Ontario economy by encouraging the creation of innovative products, services, processes and markets so as to contribute to the region's competitiveness. This is achieved by focusing on key sectors and clusters and by strengthening linkages between the region's businesses, post-secondary institutions and not-for-profit organizations to leverage key regional assets and spur the advancement of transformative technologies and innovation. By facilitating these strategic partnerships, FedDev Ontario aims to improve the region's productivity, competitiveness and attractiveness as a location of choice for investment.

Investments through this program support large-scale, incremental and transformative activities that increase productivity and market diversification. While available to for-profit and not-for-profit organizations, project funding is business-facing, meaning that activities are linked to the needs of businesses.

Transfer payments in support of this program are delivered through the administration of contribution agreements with businesses, not-for-profit organizations and post-secondary institutions.

Program Performance Analysis and Lessons Learned

This program includes the Investing in Commercialization Partnerships (ICP) initiative and the Advanced Manufacturing Fund (AMF), through which FedDev Ontario is working to advance the development of cutting-edge technologies. During 2015–16, these initiatives focused on supporting the commercialization of new products and services, encouraging innovation and accelerating market-driven solutions through increased collaboration between businesses, post-secondary institutions and research institutes.

Collectively, ICP and AMF received 24 applications in 2015–16 from a broad range of sectors, including digital media, biomaterials, medical devices, robotics/automation, clean technology, life sciences, and automotive and additive manufacturing.

Under ICP, more than $44.5 million in multi-year contribution agreements was executed in 2015–16 to support six projects. These projects are anticipated to develop and commercialize

new products in a number of Ontario's economic sectors and deepen industry–academic collaborations to solve global challenges and create a wide array of new products and high-value jobs in Canada. For example, the University of Waterloo, on behalf of the Southern Ontario Water Consortium (SOWC), received up to $12 million in multi-year funding to support water technology companies in southern Ontario in testing and commercializing their advanced technologies. SOWC has planned over 80 collaborative industry-led applied research sub-projects to develop and bring to market new and/or improved water technologies.

ICP performance during 2015–16 made notable progress toward the program's ultimate five-year targets. Current leveraged funds are $3.76 for every dollar invested. While this result significantly exceeds the expected target of 1:1, it has been largely influenced by a single investment in one project. When that investment is removed, leveraged investments to date total $1.29 for every dollar invested, an amount closer to the anticipated target.

ICP projects funded in 2015–16 are anticipated to support an average of 54 collaborations per project by March 31, 2019. To date, projects have reported an average of 18 collaborations.

In 2015–16, AMF contributed to projects that supported process innovation, increased productivity and commercialization of new products, and strengthened a life science cluster. Through AMF, more than $82 million in multi-year contribution agreements was executed in 2015–16 for projects with three for-profit organizations and one not-for-profit organization. These projects are anticipated to strengthen key economic sectors within Ontario and to generate significant sales of $132.4 million within two years of project completion, mostly to export markets. For example, the Centre for Commercialization of Regenerative Medicine received up to $20 million in a non-repayable contribution to establish and operate a centre for advanced therapeutic cell technologies. The centre will be a first-in-world cell therapy manufacturing facility that combines process development and manufacturing and is dedicated to the development of technologies that will enable industrial manufacturing of human cells for therapeutic outcomes. The centre will create and maintain 389 high-quality jobs and lead to the commercialization of over 30 products.

Projects funded in 2015–16 under AMF are expected to create 575 jobs and leverage funding of more than $286 million. These projects will contribute toward the targeted outcomes to be achieved through AMF by 2019. As both application intake periods for AMF are now closed, FedDev Ontario is focusing its efforts on the assessment of the remaining applications received in the second intake, as well as the monitoring of approved projects to support positive program outcomes.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
91,786,705	91,786,705	74,992,007	55,550,921	(36,235,784)

Human Resources (Full-Time Equivalents [FTEs])

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
21	21	0

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Strengthened innovation, partnerships and commercialization in southern Ontario	Share of Ontario's employment in knowledge-intensive business services (KIBS)[1]	6.4% (2015)	6.4% (2015)
	Business enterprise expenditure on research and development	Strengthen private sector investment in research and development	Private sector investment in research and development decreased

[1] The KIBS subsector includes establishments whose primary activities depend on human capital, knowledge and skills. The KIBS final product is a consulting service and knowledge transfer. Other than being intensive, these services are intermediary (i.e., services included for business).

Program 1.2 Business Development

Description

The Business Development program supports southern Ontario businesses, especially small and medium-sized enterprises (SMEs) in their efforts to drive competitiveness. The program provides support to encourage the growth of early-stage companies through business services and counselling; provides access to capital; helps existing businesses expand domestically and globally; helps companies and sectors improve productivity; facilitates linkages and collaborations between businesses; and helps southern Ontario aerospace and defence-related firms respond to economic opportunities from Canada's defence procurements.

Canada Business Ontario, included as part of this program, provides targeted services to businesses across Ontario along a lifecycle continuum: from entrepreneurship to expansion.

Transfer payments in support of this program are delivered through the administration of contribution agreements with businesses and not-for-profit organizations.

Program Performance Analysis and Lessons Learned

The Business Development program includes FedDev Ontario's Investing in Business Innovation (IBI) and Investing in Business Growth and Productivity (IBGP) initiatives. During 2015–16 these initiatives strengthened angel networks in southern Ontario and supported southern Ontario businesses in accessing capital, developing employee skills, and improving productivity and business performance.

Through IBI, 14 project agreements totalling more than $8 million were executed with new and early-stage enterprises in southern Ontario in 2015–16. These contributions will enable early-stage companies to leverage domestic and foreign angel and venture capital that will support the launch of innovative technologies and products. In 2015–16, funding agreements were also executed for four not-for-profit organizations that provided skills development, education and seed financing to new entrepreneurs, helping them become investment ready. In addition, FedDev Ontario continued to administer projects with angel networks, not-for-profit organizations, and new and early-stage companies that were approved in previous years. Overall, 18 IBI projects had funding agreements executed in 2015–16 for a total of more than $15 million.

To date, the initiative has provided assistance to 188 businesses, achieving 75 percent of its target of 250 businesses. IBI matches private capital, promoting private sector investment in early-stage Ontario companies. To date, IBI has exceeded the goal of leveraging $2 of every $1 of IBI investment— preliminary results show IBI successfully helping businesses to improve their competitiveness by leveraging investment at a rate of 4.99:1 for direct recipients.

One example of a project supported through IBI is Dejero Labs of Kitchener. Dejero Labs Inc. used two FedDev Ontario contributions to develop and commercialize its wireless broadcast solution, enabling the company to expand into new markets. Dejero's broadcast solution captures mobile video transmission from cameras, smartphones and tablets through a wireless handheld transmitter. With the support of FedDev Ontario contributions and angel investors, Dejero Labs is now well established, with over $20 million in revenues per year.

Dejero Labs Inc. Success Story: http://www.feddevontario.gc.ca/eic/site/723.nsf/eng/02322.html

IBI has received strong interest from communities with active innovation ecosystems, as well as a large volume of applications from the information and communications technology, life sciences and clean-tech sectors.

During 2015–16, the Business Growth and Productivity sub-program, supported through the work of FedDev Ontario's IBGP initiative, focused its resources on established businesses and not-for-profit organizations that assist southern Ontario SMEs in improving business productivity and global competitiveness. IBGP makes direct and indirect investments in southern Ontario SMEs to support market expansion and diversification, improved productivity and integration into global value chains.

During 2015–16, IBGP processed 49 applications and executed funding agreements for 18 new projects. The majority of IBGP's projects have supported companies expanding their manufacturing facilities and capabilities; almost half of the projects are strengthening knowledge-based clusters; and, all projects have resulted in increased exports through growth in global markets.

To extend IBGP's reach across southern Ontario and provide smaller scale investments, third-party delivery agreements have been executed with the Yves Landry Foundation and Canadian Manufacturers and Exporters. Both organizations have a history of successfully delivering productivity improvement and global competitiveness initiatives to SMEs. Since these agreements have been in place, 128 projects have been completed. For the completed projects, FedDev Ontario contributed just over $4 million, which has resulted in the leveraging of $9.5 million in private sector investment.

Uptake on the IBGP programming has been strong. IBGP's investments have been made across traditional and emerging industry sectors, with all geographic regions across southern Ontario represented. Growth in the automotive, aerospace and food processing industry sectors has created new market opportunities for southern Ontario SMEs. These growth opportunities are seeing southern Ontario SMEs further integrated into global supply chains and seeking new investments in technologies and equipment.

Mariposa Dairy in Lindsay, Ontario, received both direct and third-party federal funding through FedDev Ontario. The owners of the family-run cheese production and packaging plant launched their business in 1989 in a 74 square metre (800 square foot) cheese-making facility. Federal funding support helped the company train staff, automate production, increase marketing and exporting capability, and most recently, move into a 3,716 square metre (40,000 square foot) plant. FedDev Ontario support helped Mariposa to extend the markets for its award-winning hand-crafted goat and sheep cheese all over North America.

Mariposa Dairy Success Story: http://www.feddevontario.gc.ca/eic/site/723.nsf/eng/02316.html

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
66,123,559	66,123,559	72,728,056	69,728,062	3,604,503

Human Resources (Full-Time Equivalents [FTEs])

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
52	55	3

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Improved business growth, productivity and global competitiveness in southern Ontario	Private sector investment in machinery and equipment in Ontario	Ability of businesses to meet or exceed their 2015 investment intentions (released February 2015)	Preliminary results ($22.5 billion) indicate that businesses did meet their 2015 machinery and investment intentions ($19.8 billion).
	Ontario's labour productivity	$44.68	$46.20[1]

	Venture capital investment in Ontario	Increased venture capital investment in Ontario	Venture capital investment in Ontario increased in 2015 compared to 2014.

[1] Statistics Canada data series (Cansim Table 383-0029) used to calculate this target has been revised back to 1997, and the replacement data are not fully comparable with those previously published.

Program 1.3 Community Economic Development

Description

The Community Economic Development program supports the 288 communities (small and large, rural and urban, Francophone and Indigenous) in southern Ontario that are home to more than 12 million residents. These communities are key to enhancing the economic growth and sustainability of the region. Southern Ontario depends on communities that can attract the best talent and compete for investment as dynamic centres of commerce and learning.

Strong, safe and modern communities that are economically diverse are essential building blocks for the region's competitiveness and long-term prosperity. FedDev Ontario makes strategic investments that build on competitive regional advantages. These investments help address the unique challenges facing eastern Ontario communities; maintain the economic vitality of official language minority communities; and advance regional diversification efforts to promote economic development. FedDev Ontario works with its partners, including Infrastructure Canada and the Ontario Ministry of Agriculture, Food and Rural Affairs, to deliver infrastructure investment across Ontario.

Through programming aimed at addressing the distinct needs and circumstances across southern Ontario communities, FedDev Ontario works to identify local solutions to local challenges and opportunities.

FedDev Ontario supports this program through the administration of grants and contribution agreements with funding recipients such as businesses, not-for-profit organizations, First Nation governments, post-secondary institutions and municipalities.

Program Performance Analysis and Lessons Learned

Through the Community Economic Development program, FedDev Ontario provided funding in 2015–16 to help communities in southern Ontario build on competitive regional advantages, create opportunities for economic diversification, support high-quality employment, and address critical infrastructure requirements. Programming has supported rural, eastern, Francophone and

Indigenous communities in southern Ontario in addressing distinct economic challenges through direct funding and third-party delivery partners.

Through the Community Futures Program, FedDev Ontario continues to support rural communities in southern Ontario in advancing economic development and SME growth. In 2015–16, FedDev Ontario worked in partnership with other funding organizations such as the Business Development Bank of Canada, to leverage the services of individual Community Futures Development Corporations (CFDCs). FedDev Ontario also worked in partnership with the CFDC regional networks and the Ontario Association of CFDCs to streamline reporting requirements and develop the capacity of the CFDCs through the design and implementation of model financial and human resources management policies and practices.

FedDev Ontario provided an $11.3-million investment in 2015–16 through the Community Futures Program. This was used to fund the operational costs of CFDCs and their networks and leveraged approximately $4.40 for every dollar contributed by FedDev Ontario, exceeding the target of $3.60. CFDCs provided 747 new loans with a value of $49.2 million to SMEs in 2015–16 in southern Ontario. These loans and associated business counselling services helped assist 5,027 businesses, create 4,425 jobs and maintain a further 7,476 jobs in rural southern Ontario communities. As of March 31, 2016, southern Ontario CFDCs had $163 million invested in 2,807 loans with SMEs.

In 2015–16, FedDev Ontario also supported a range of economic development activities to support eastern Ontario communities through the Eastern Ontario Development Program. FedDev Ontario collaborates with the 15 CFDCs in eastern Ontario and Community Futures Ontario East (formerly Eastern Ontario Community Futures Development Corporations Network) to deliver the Eastern Ontario Development Program. The program leveraged funding from external partners and focused on large, strategic and collaborative projects that provided long-term economic benefits for multiple communities and strengthened linkages between rural and urban areas.

During 2015–16, the Eastern Ontario Development Program supported 767 businesses and organizations in eastern Ontario, which helped to create or maintain 2,277 jobs in the region. This support resulted in an additional investment of $1.83 for every dollar invested by FedDev Ontario in 2015–16.

In 2015–16, through the Economic Development Initiative (EDI), FedDev Ontario continued to address the challenges faced by Francophone communities, such as barriers to accessing training and business information in French, and youth out-migration in rural official language minority communities. There were six active EDI projects in 2015–16, with total funding of $3.7 million. These projects are improving access to business and entrepreneurship services and training,

increasing access to capital, and supporting applied research partnerships for new and existing Francophone entrepreneurs.

Through the Investing in Regional Diversification (IRD) sub-program, FedDev Ontario continues to make strategic investments to help southern Ontario communities diversify their economies. These investments leverage the economic strengths and assets of local communities so they can take advantage of emerging opportunities and transition to new industries or sectors, which will encourage collaboration to enhance business attraction, investment and employment opportunities. In 2015–16, FedDev Ontario executed a project agreement of more than $3 million in non-repayable contributions toward one new IRD project. Investments in this project and ongoing administration of IRD projects executed in previous years leveraged a total of $0.86 of project support for every dollar contributed by FedDev Ontario, below the 1:1 target to be achieved by March 31, 2019. These investments are supporting key identified growth sectors, such as clean technology and cyber security.

The Infrastructure Delivery sub-program continues its commitment to strengthening regional competitiveness through investments to public infrastructure in Ontario communities. In 2015–16, FedDev Ontario continued to administer and monitor strategic project investments that promote the long-term competitiveness and diversification of southern Ontario by attracting skilled workers, innovative businesses and investors.

FedDev Ontario worked closely with its partners, including Infrastructure Canada and the Ontario Ministry of Agriculture, Food and Rural Affairs, to deliver the Building Canada Fund – Communities Component Regular Intake, to ensure that construction for all projects was completed by March 31, 2016. FedDev Ontario continued to support the Massey Hall revitalization project, with a federal investment of up to $8 million to help transform the historic landmark theatre into a modern performance venue.

FedDev Ontario's administration of the Canada 150 Community Infrastructure Program in 2015–16 resulted in an approval to invest $43.6 million, to be expended in 2016–17 and 2017–18, supporting more than 380 projects to improve existing community and cultural infrastructure across southern Ontario.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
41,264,851	41,264,851	47,140,022	47,037,706	5,772,855

Human Resources (Full-Time Equivalents [FTEs])

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
45	36	(9)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Southern Ontario communities are able to sustain long-term economic development and growth	Percentage of southern Ontario census subdivisions with a decrease in employment insurance beneficiaries (year-over-year)	50 percent or more of southern Ontario census subdivisions have a decrease in employment insurance beneficiaries (year-over-year)	61 percent of southern Ontario census subdivisions had a decrease in employment insurance beneficiaries
	Recent Economic Well-Being Indicator (REWBI) (composite indicator of socioeconomic performance)	Average REWBI for the bottom quartile of communities improves in 2015 compared to the average REWBI for the bottom quartile in 2014	The average REWBI for the bottom quartile of communities remained stable in 2014 compared to the average REWBI for the bottom quartile in 2013

Internal Services

Description

Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. Internal services include only those activities and resources that apply across an organization, and not those provided to a specific program. The groups of activities are Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

Program Performance Analysis and Lessons Learned

FedDev Ontario continued to use its integrated policy and research expertise to provide strategic, evidence-based advice and analysis to internal direction setting and program design, as well as to the government-wide policy development discussion. By leveraging its integrated approach to policy and research, FedDev Ontario continued to build its "on the ground" knowledge of

southern Ontario; and to identify key factors for decision-making, including strategic sectors, emerging and disruptive technologies, prospective economic clusters, and opportunities for collaborations and engagements. FedDev Ontario's internal support services continued to play a pivotal role in 2015–16, supporting the delivery of the Agency's programs, managing corporate and administrative requirements, and aligning activities with Government of Canada priorities.

Building on its program delivery services, the Agency focused efforts on external awareness and engagement activities in 2015–16, advocating southern Ontario's potential for sustainable, effective investments. Proactive engagement with stakeholders and ministerial roundtable discussions pertaining to economic development, the innovation ecosystem and challenges to business growth enabled FedDev Ontario to foster stronger partnerships, deliver on its commitment to high-growth firms and leverage investment opportunities.

While continuing to engage stakeholders under its current suite of programs, FedDev Ontario also recognizes the importance of continual improvement and assessing its programs and services to ensure they remain relevant and responsive to the needs of southern Ontario. During 2015–16, the Agency's policy and evaluation groups expanded corporate knowledge from past programs and built expertise in strategic sectors. During 2015–16, the Agency completed an evaluation of the Southern Ontario Development Program, identifying results that exceeded original objectives. Future program design will build on the recommendations and lessons learned from this evaluation.

Work done in FedDev Ontario's policy and research capacity will be used to equip decision-makers with current, relevant information, including on strategic sectors, emerging and disruptive technologies, prospective economic clusters, and opportunities for collaboration and engagement.

Collaboration remained a key theme for FedDev Ontario in its back-office operations. For example, together with the other regional development agencies and Treasury Board, FedDev Ontario worked on the design of a case and stakeholder management system and received approval for a Grants and Contributions Program Management System, with development set to begin in 2016–17.

Operations activities also focused on aligning FedDev Ontario with government policy and procedure standards for compliance. In 2015–16, the Agency participated in a Core Control Audit, which assessed the internal control standards of FedDev Ontario agency-wide. FedDev Ontario demonstrated strong financial management governance and transfer payment management, obtaining a score of 100 percent in both categories. The audit also identified areas for improvement and the Agency developed a comprehensive management action plan to address identified issues.

In 2015, several initiatives were undertaken to ensure the right people were in the right place at the right time. Student hiring rose to 22 students in 2015–16, compared to 5 in the previous year, and public job postings increased by 150 percent. Succession planning discussions became more robust and tied into talent management discussions, with linkages to participation in sponsored learning events and skills development for the present and the future.

Encouraging increased productivity, greater collaboration and engagement by its staff, FedDev Ontario officially opened its new headquarters in Waterloo in July 2015. Receiving a silver accreditation award from Public Services and Procurement Canada for successful implementation of the Workplace 2.0 office fit-up standard, the Agency equipped its employees with the right space and tools to maintain high performance in delivering its mandate and providing results for Canadians.

The success of FedDev Ontario in its 2015–16 activities is evidenced in its heightened communications activities. Despite the delay caused by the federal election campaign, the Agency executed 109 funding announcements, amounting to over $229 million in funding to direct recipients. FedDev Ontario's social media presence also grew, expanding to include Instagram, Google +, Periscope and LinkedIn. This has allowed FedDev Ontario to increase its communication with Canadians, share Agency successes, and celebrate milestones and other significant events with funding recipients. The Agency's Twitter account also experienced significant growth, with followers increasing by 32 and 41 percent for English and French, respectively.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
16,076,604	16,076,604	17,754,648	17,480,605	1,404,001

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
111	124	13

Section IV: Supplementary Information

Supporting Information on Lower-Level Programs

Supporting information on lower-level programs is available on FedDev Ontario's website.

Supplementary Information Tables

The following supplementary information tables are available on FedDev Ontario's website.

- Departmental Sustainable Development Strategy
- Details on Transfer Payment Programs of $5 Million or More
- Internal Audits and Evaluations
- User Fees, Regulatory Charges and External Fees

Federal Tax Expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the *Report of Federal Tax Expenditures*.[v] This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

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Appendix: Definitions

appropriation (*crédit*): Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (*dépenses budgétaires*): Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report (*rapport ministériel sur le rendement*): Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent (*équivalent temps plein*): A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes (*résultats du gouvernement du Canada*): A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure (*Structure de la gestion, des ressources et des résultats*)**:** A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (*dépenses non budgétaires*): Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (*rendement*)**:** What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

performance indicator (*indicateur de rendement*): A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (*production de rapports sur le rendement*): The process of communicating evidence-based performance information. Performance reporting supports decision-making, accountability and transparency.

planned spending (*dépenses prévues*): For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plans (*plan*): The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities (*priorité*)**:** Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (*programme*)**:** A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (*architecture d'alignement des programmes*)**:** A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities (*rapport sur les plans et les priorités*): Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

results (*résultat*): An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (*dépenses législatives*): Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome (*résultat stratégique*): A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (*programme temporisé*): A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (*cible*): A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (*dépenses votées*): Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

Whole-of-government framework (*cadre pangouvernemental*): Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

i *Financial Administration Act*, http://laws-lois.justice.gc.ca/eng/acts/f-11/
ii. **Minister's mandate letter**, http://pm.gc.ca/eng/ministerial-mandate-letters
iii. *Public Accounts of Canada 2016*, http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html
iv. **Whole-of-Government Framework**, http://www.tbs-sct.gc.ca/hgw-cgf/finances/rgs-erdg/wgf-ipp-eng.asp
v. *Report of Federal Tax Expenditures*, http://www.fin.gc.ca/purl/taxexp-eng.asp